GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Energy Department – Scheme for providing nine hours day time free power supply to the Agricultural Sector on a sustainable basis by establishing 10000 MWs of Solar Power Projects – Certain modifications / amendments to the Scheme – Orders - Issued.

ENERGY (POWER.I) DEPARTMENT

G.O.MS.No. 19 Dated: 17-07-2020
Read:

G.O.Ms.No.18, Energy (Power. I) Department, dated 15-06-2020.

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O R D E R:

In the G.O. first read above orders were issued for establishment of 10,000 MWp of solar power capacity in the State to provide 9-hour daytime free power to the agriculture sector on a sustainable basis. It has been ordered that the Andhra Pradesh Green Energy Corporation Limited (APGECL) shall procure solar power through a transparent bidding process under the Build, Operate, Transfer (BOT) mode from developers for a period of thirty (30) years; and that the developers shall be paid a flat bidded tariff for the first 15 years and pre-fixed O&M charges from 16th year of commissioning.

2. After issuance of the above orders, the Solar Energy Corporation of India Limited (SECI)has discovered the lowest tariff of INR 2.36/kWh for a 2 GW ISTS solar project tender which shall remain fixed for a duration of 25 years. The tariff excludes any changes to Basic Customs Duty, safeguard duty which is passed through under the Change in Law provision. A summary of the change in law clause from the SECI tender is that any change in rates of safeguard duty, GST and basic customs duty after the last date of bid submission will be treated as 'Change in Law' and for every net increase/decrease of INR 1 Lakh per MW in the Project Cost shall be liablefor corresponding increase/decrease of an amount equal to INR 0.005/kWh.

3. The current safeguard duty of 15% levied by Government of India on Solar cells/modules is valid till 29 July 2020. Government has proposed Basic Custom Duty (BCD) of 25% on solar cells, modules and panels from August 2020. The same is likely to increase upto 40% in an effort to curb imports and boost domestic manufacturing in line with the Government of India's move towards 'Aatma Nirbhar Bharat'.

4. It is also seen that proposed increase in BCD on solar cell/ modules would increase levelized tariff by INR 0.20- 0.25/kWh under the 30 year BOT tariff model (i.e., 15 year tariff period and O&M tariff thereafter). This would result higher cash out flows to the exchequer by INR 300-400 Cr./annum – in the initial 15 years period for the proposed 10,000 MWp solar power.

5. In view of the above changes and to mitigate the impact on Government cash outflows in the initial 15 years period, a proposal has been placed before the Government to change existing Tariff model approved in the G.O. read above (from 15 years full tariff and only O&M thereafter) to tariff model with levelized tariff for a period of 25 years, similar to SECI RFS/MNRE guidelines.

6. It is further seen that as per the orders issued in the G.O. read above, developers shall pay a lease of INR 31,000 per acre per annum for Government Lands (With escalation of 5% for every 2 years). Solar Power Developers shall factor this lease amount into the tariffs quoted. While the State Government earns land lease on Government land from developers, it has to pay the same through the tariff quoted by the developers.

7. Keeping this in view, it was proposed that Government reduce the lease rental for Government lands to a nominal value of INR 5 per acre per annum, which will result in lower tariffs and less cash outflows to the Government. Government would be revenue neutral and not suffer any loss on account of charging nominal lease rent.

8. It is further seen that as per the orders issued in the G.O. read above, the Selected Solar Power Developers shall construct internal evacuation infrastructure including connection of the solar projects to the pooling station as per prescribed standards. In order to bring in more clarity, the following was submitted:

i. Selected Solar Power Developers shall construct internal evacuation infrastructure including connection of the solar projects to the pooling station. The Developers shall construct the pooling substation at their cost.

ii. APTRANSCO shall construct transmission line from Pooling Substations to Grid Substation/ Switching station and the required system strengthening of upstream network to evacuate power from solar projects at its own cost and recover the same through Transmission tariff as approved by APERC from time to time.

iii. The State Government, through APGECL, will continue to pay the average transmission cost (only applicable APTRANSCO/SLDC charges) and average distribution cost to the DISCOMs as determined by APERC from time to time.

9. In order to mitigate the impact on Government cash outflows in the initial 15 year period, it is considered necessary to change the Tariff model approved in the G.O. read above (from 15 years full tariff and O&M thereafter) to a tariff model with levelized tariff for a period of 25 years, similar to SECI RFS/MNRE guidelines.

10. After careful examination of the matter, Government have decided to modify the orders issued in the G.O. read above and accordingly, hereby, issue the following modifications / amendments to the G.O. read above,: -

1. The existing Tariff model approved in G.O.Ms.No. 18, Energy (Power. I) Dept, dated: 15-06-2020 shall be changed to a tariff model with levelized tariff for a period of 25 years, similar to SECI RFS/MNRE Guidelines..

2. The lease rental on Government lands shall be reduced to a nominal value of INR 5 per acre per annum.

3. AP Transco shall execute transmission line from pooling station to Grid sub-station/switching station and all required system strengthening, to evacuate power from these solar projects, at their cost and recover the same through transmission tariff as determined by APERC from time to time.

11. The orders issued in the G.O. read above stand modified / amended to the extent indicated in para-10 above, other things remaining the same.

12. This order issues with the concurrence of Finance Department vide their Note #73, dated: 14-07-2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

G.SAI PRASAD
EX-OFFICIO PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chairman & Managing Director,
Andhra Pradesh Green Energy Corporation Limited, Tadepalli.
The Chairman & Managing Director,
Andhra Pradesh Transmission Corporation Limited,
Vidyut Soudha, Vijayawada.
The Managing Director,
Andhra Pradesh Power Generation Corporation Limited,
Vidyut Soudha, Vijayawada.
The VC & MD, NREDCAP, Tadepalli, Guntur District.
The Principal Secretary to Government, Revenue Department,
The Principal Secretary to Government, PR & RD Department.
The Chief Commissioner of Land Administration, A.P., Vijayawada.
The Director of Mines, Vijayawada.
The Special Chief Secretary to Govt, Industries & Commerce Dept.

Copy to:
The P.S to Principal Secretary to Chief Minister,
The P.S to Chief Secretary to Government,
The P.S to Secretary to Government, Energy Department.
The P.S to E.O.Principal Secretary to Govt, Energy Dept.
The P.S to Additional Secretary to Chief Minister.
SF/SC.

//FORWARDED :: BY ORDER//

SECTION OFFICER